

SENATE BILL NO. 219

INTRODUCED BY BRUEGGEMAN, BIXBY, BUZZAS, COCCHIARELLA, EATON, FACEY, FUREY,
GALLUS, GILLAN, HAMILTON, HENRY, JUNEAU, KITZENBERG, LASLOVICH, LINDEEN, RASER,
SMALL-EASTMAN, SQUIRES, TESTER, VILLA, WINDHAM, WISEMAN

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INDIVIDUAL INCOME TAX CREDIT RELATED TO
THE REPAYMENT OF STUDENT LOANS BY TAXPAYERS WHO HAVE ATTAINED A DEGREE FROM A
MONTANA INSTITUTION OF HIGHER LEARNING; ESTABLISHING CONDITIONS OF THE CREDIT;
PROVIDING FOR THE REPAYMENT OF THE CREDIT UPON DEFAULT ON A STUDENT LOAN; AND
PROVIDING APPLICABILITY DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Student loan tax credit -- definitions. As used in [sections 1 and 2], the
following definitions apply:

(1) "Montana institution of higher learning" means:

(a) a unit of the Montana university system provided for in 20-25-201;

(b) a community college district as defined in 20-15-101;

(c) a private college or university located in Montana that offers baccalaureate degrees and is
accredited for that purpose by a national or regional accrediting agency recognized by the board of regents of
higher education.

(2) "Student loan" means a student educational loan authorized by 20 U.S.C. 1071, et seq., 20 U.S.C.
1087a, et seq., or 20 U.S.C. 1087aa.

NEW SECTION. Section 2. Student loan tax credit -- limitations -- rules. (1) A taxpayer who attains
an associate or, baccalaureate, ~~MASTER'S, OR LAW~~ degree from a Montana institution of higher learning ~~and who~~
~~has at least \$5,000 in student loan debt at the time the taxpayer attains the degree~~ is allowed a tax credit against
taxes imposed by 15-30-103 in the first tax year beginning after the taxpayer attains the degree and for the ~~next~~
~~9 successive tax~~ NUMBER OF years ALLOWED IN SUBSECTION (2) or until the taxpayer's student loans are repaid,
whichever occurs first. The credit allowed under this subsection is equal to the amount of the loan repaid in the

1 tax year but may not exceed \$500. The credit may be claimed for the tax year in which the loan is repaid.

2 ~~——— (2) A taxpayer who attains a master's or doctoral degree from a Montana institution of higher learning~~
3 ~~and who has at least \$10,000 in student loan debt at the time the taxpayer attains the degree is allowed a tax~~
4 ~~credit against taxes imposed by 15-30-103 in the first tax year beginning after the taxpayer attains the degree~~
5 ~~and for the next 9 successive tax years or until the taxpayer's student loans are repaid, whichever occurs first.~~
6 ~~The credit allowed under this subsection is equal to the amount of the loan repaid in the tax year but may not~~
7 ~~exceed \$1,000. The credit may be claimed in the tax year that the student loan is repaid.~~

8 (2) (A) THE CREDIT AUTHORIZED IN SUBSECTION (1) MAY BE USED FOR THE FOLLOWING NUMBER OF YEARS:

9 (i) 2 YEARS FOR STUDENT LOANS TAKEN OUT WHILE A STUDENT AT A MONTANA INSTITUTION OF HIGHER
10 LEARNING THAT DOES NOT OFFER A BACCALAUREATE WHILE PURSUING AN ASSOCIATE DEGREE;

11 (ii) 4 YEARS FOR STUDENT LOANS TAKEN OUT WHILE PURSUING A BACCALAUREATE DEGREE, INCLUDING ANY
12 AUTHORIZED IN SUBSECTION (2)(A)(i);

13 (iii) 2 YEARS FOR STUDENT LOANS TAKEN OUT WHILE PURSUING A MASTER'S DEGREE;

14 (iv) 3 YEARS FOR STUDENT LOANS TAKEN OUT WHILE PURSUING A LAW DEGREE.

15 (B) THE CREDIT AUTHORIZED IN SUBSECTION (1) MAY BE USED FOR A MAXIMUM OF 7 YEARS, IRRESPECTIVE OF
16 THE TOTAL NUMBER OF YEARS AUTHORIZED IN SUBSECTION (2)(A).

17 (3) The credit allowed under this section may not exceed the taxpayer's income tax liability and may
18 not be claimed as a carryback or a carryforward.

19 (4) The taxpayer is required to provide to the department, on a form provided by the department,
20 documentation of the amount of the loan repaid in any tax year for which a credit is claimed under subsection
21 (1) or (2).

22 (5) The credit allowed under this section may not be claimed in a tax year in which any portion of the
23 student loan has been paid on behalf of the taxpayer under a loan repayment program provided by a state or
24 federal agency or by a private entity that employs the taxpayer.

25 ~~——— (6) A taxpayer who claims a credit under this section for student loans related to a particular degree may~~
26 ~~not claim the credit for student loans related to any other degree.~~

27 ~~(7)(6)~~ A taxpayer who defaults on a student loan for which a credit was claimed in any tax year shall
28 repay to the state the total amount of student loan credits claimed for all tax years.

29 ~~(8)(7)~~ The department shall adopt rules that are necessary to implement and administer [sections 1 and
30 2]. In adopting rules, the department shall, in consultation with the Montana guaranteed student loan program,

1 develop procedures to monitor student loan payments made by a taxpayer claiming a credit under subsection
2 (1) or (2).

3
4 **NEW SECTION. Section 3. Codification instruction.** [Sections 1 and 2] are intended to be codified
5 as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to
6 [sections 1 and 2].

7
8 **NEW SECTION. Section 4. Applicability.** (1) [This act] applies retroactively, within the meaning of
9 1-2-109, to persons attaining a degree after December 31, 2004.

10 (2) [This act] applies to tax years beginning after December 31, 2005.

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